

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Application of Pacific Gas and Electric
Company for Adoption of Electric Revenue
Requirements and Rates Associated with its
2021 Energy Resource Recovery Account
(ERRA) and Generation Non-Bypassable
Charges Forecast and Greenhouse Gas
Forecast Revenue Return and Reconciliation
(U 39 E)

Application No. 20-07-002
(Filed July 1, 2020)

**PROTEST OF THE JOINT CCAS TO THE APPLICATION OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)**

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On behalf of the Joint CCAs

Table of Contents

I. JOINT CCAS' INTEREST	5
II. GROUNDS FOR PROTEST	6
A. PG&E's Proposed Increase to the PCIA.....	6
1. Issues Related to the First Component of Setting PCIA Rates: The Indifference Amount	8
a. Recent Experience Does Not Support PG&E's Proposed Forecast of 10% Unsold RA Capacity.	11
b. PG&E Continues to Use Costs from its 2020 General Rate Case that Have Not Been Approved.	12
c. PG&E's Proposal in its WEMA Proceeding Does Not Have a Scoping Ruling Let Alone Approval for Cost Recovery.	13
d. The Joint CCAs Agree that Modifications to Line Loss Factors When Calculating the Indifference Amount are Currently Premature.	14
2. Issues Related to the Second Component of Setting PCIA Rates: The Year-End PABA Balance	15
a. More Detail is Needed to Understand PG&E's Projected Year-End PABA Balance.	17
b. PG&E Continues to Defy the Commission's Order to Implement Last Year's ERRA Forecast Decision.	18
c. It is Unclear Whether PG&E Calculated the 2020 True-Up Using GRC Costs that Have Not Yet Been Approved.	20
d. Adjustments to the 2020 PABA Balances to Reflect Agreed-Upon Changes in PG&E's 2019 ERRA Compliance Case Should Be Included in the 2020 True-Up, Including Credits for Prior Period Interest.	21
3. Issues Related to the Third Component of Setting PCIA Rates: Ratemaking.....	22
a. PG&E's Proposals Regarding the Year-End Transfer of ERRA Balances May Require Revision.	22
b. PG&E's Proposal to Allocate the Year-End PUBA Balance to 2021 PCIA Rates Requires Further Investigation.	25
B. PG&E Should Provide COVID-Related Updates to its Load Forecasts for 2021 in its Rebuttal Testimony in Addition to the November Update.....	28
C. The Commission Will Need to Address the Interaction Between this Docket and PG&E's PUBA and ERRA Trigger Applications.	29
D. PG&E's Proposals Regarding the Modified Cost Allocation Mechanism Require Close Scrutiny to Ensure All Customers Only Pay Those Costs Attributable to Them.	30
E. Other Issues	31

III. CATEGORIZATION OF PROCEEDING, NEED FOR HEARINGS AND PROPOSED PROCEDURAL SCHEDULE	31
A. PG&E’s List of Issues is Incomplete and Should Reflect Last Year’s Scoping Ruling. 	31
B. PG&E’s Proposed Schedule Should be Revised.....	33
1. A Need for Procedural Flexibility Persists in This Recurring Case.	33
2. The Commission May Wish to Revise the Current Date of the Prehearing Conference.	35
3. Changes Are Required to PG&E’s Proposed Schedule.....	35
4. Other Procedural Requests in Light of the Compressed Nature of This Proceeding	37
IV. COMMUNICATIONS AND SERVICE	38
V. CONCLUSION	38

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2021 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue Return and Reconciliation (U 39 E)

Application No. 20-07-002
(Filed July 1, 2020)

**PROTEST OF THE JOINT CCAS TO THE APPLICATION OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)**

Pursuant to Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission” or “CPUC”), East Bay Community Energy (“EBCE”),¹ Marin Clean Energy (“MCE”),² Monterey Bay Community Power Authority (“MBCP”),³ Peninsula Clean Energy Authority (“PCE”),⁴ Pioneer Community Energy (“Pioneer”),⁵ San José Clean Energy (“SJCE”),⁶ Silicon Valley Clean Energy Authority (“SVCE”),⁷ Sonoma Clean

¹ EBCE is the community choice aggregator (“CCA”) for Alameda County.

² MCE is the CCA for Marin County, unincorporated Napa County, unincorporated Contra Costa County, unincorporated Solano County, and the Cities and Towns of American Canyon, Calistoga, Napa, St. Helena, Yountville, Benicia, Concord, Danville, El Cerrito, Lafayette, Martinez, Moraga, Oakley, Pinole, Pittsburg, Richmond, San Pablo, San Ramon, and Walnut Creek.

³ MBCP is the CCA for Monterey, San Benito and Santa Cruz Counties and parts of San Luis Obispo County.

⁴ PCE is the community-controlled, not-for-profit, joint powers agency formed within San Mateo County to address the intersections of energy consumption, affordability and climate change through the operation of its CCA program.

⁵ Pioneer is the CCA for unincorporated Placer County, the cities of Auburn, Colfax, Lincoln, and Rocklin, and the Town of Loomis.

⁶ SJCE is the CCA for the City of San José.

⁷ SVCE is the CCA for unincorporated Santa Clara County, and the Cities and Towns of Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Saratoga and Sunnyvale.

Power (“SCP”),⁸ and Valley Clean Energy Alliance (“VCE”)⁹ (collectively “the Joint CCAs”)¹⁰ hereby protest the above-captioned *Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2021 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue Return and Reconciliation* (“Application”).

PG&E has not demonstrated that the relief it requests is just and reasonable,¹¹ complies with all applicable rules, regulations, resolutions and decisions, including but not limited to Decision (“D.”) 18-10-019, D.19-10-001 and D.20-02-047 (the 2020 “ERRA Forecast Decision”), and prevents illegal cost shifts between bundled and unbundled ratepayers.¹² PG&E, as the applicant, has the burden of affirmatively establishing that all aspects of the Application meet these standards.¹³ That burden of proof is generally measured based upon a preponderance of the evidence,¹⁴ and PG&E’s Application currently does not provide sufficient evidence to meet its burden.

The Application’s impact on both departed and bundled customers requires cautious and careful consideration. PG&E’s proposal will increase the Power Charge Indifference

⁸ SCP is the CCA for the Cities of Cloverdale, Cotati, Fort Bragg, Petaluma, Point Arena, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, Willits and the Town of Windsor, and the Counties of Sonoma and Mendocino.

⁹ VCE is the CCA for Davis, Woodland and the unincorporated areas of Yolo County.

¹⁰ The above-mentioned CCAs respectfully request independent party status.

¹¹ See, Cal. Pub. Util. Code § 451.

¹² Cal. Pub. Util. Code §§ 366.2(f)(2), (g).

¹³ D.12-12-030 at 42.

¹⁴ See, e.g., D.18-01-009 at 9-10; D.15-07-044 at 29 (observing that the Commission has discretion to apply either the preponderance of evidence or clear and convincing standard in a ratesetting proceeding, but noting that the preponderance of evidence is the “default standard to be used unless a more stringent burden is specified by statute or the Courts.”).

Adjustment (“PCIA”) for all customers, including the Joint CCAs’ customers, via a requested revenue requirement of \$2,802.5 million.¹⁵ PG&E’s proposal will increase the PCIA between 5% and 12% for the 2009 to 2018 vintages, with a small decrease for the 2019 vintage.¹⁶ Moreover, the final increase to the PCIA, revenue requirement and rate impacts are likely to be substantially greater than those currently in the Application given the current status of the Portfolio Allocation Balancing Account (“PABA”) year-end balance in PG&E’s June 2020 Monthly Report (“June 2020 Report”).¹⁷ That June 2020 Report includes a year-to-date PABA undercollection of \$1,073.0 million, nearly *double* the \$537.8 million projected as the year-end PABA balance in the Application (prior to the application of an ERRA-related credit).¹⁸ In sum, the actual relief PG&E is requesting in this docket, including both the revenue requirements and the final rates proposed, does not yet appear in the Application and will not be known until PG&E completes all *four rounds of supplemental testimony* it has requested, including the crucial November update testimony (“November Update”).

There is much to be done prior to the November Update to modify and correct the following positions, calculations and issues in the Application:

- Recent experience does not support PG&E’s proposed forecast of 10% unsold Resource Adequacy (“RA”) capacity.
- PG&E inappropriately continues to use costs from its 2020 General Rate Case (“GRC”) that have not been approved rather than using the costs currently approved by the Commission.

¹⁵ Application at 3.

¹⁶ These amounts may change with PG&E’s supplemental testimonies.

¹⁷ See *PG&E Energy Resource Recovery Account Activity Report*, p. 4, “Total PABA Ending Balance” (June 2020).

¹⁸ It is possible the billion-dollar actual balance will be reduced by consumption over the rest of 2020, but the difference is enormous, especially given the fact that PG&E’s forecast for the remainder of 2020 assumes no load reduction from COVID.

- PG&E’s application regarding its Wildfire Expense Memorandum Account (“WEMA”) does not have a scoping ruling let alone approval for cost recovery via this Application.
- As acknowledged by PG&E, modifications to line loss factors when calculating the Indifference Amount are not authorized by Commission decision.
- More detail is needed to understand PG&E’s projected year-end PABA balance.
- PG&E continues to defy the Commission’s Order to implement last year’s ERRA Forecast Decision on recorded PABA costs for Unsold Renewable Portfolio Standard (“RPS”)-eligible energy.
- It is unclear whether PG&E calculated the 2020 true-up using GRC Costs that have not yet been approved.
- Adjustments to the 2020 PABA balances to reflect agreed-upon changes in PG&E’s 2019 ERRA Compliance case should be included in the 2020 true-up, including credits for prior period interest.
- PG&E’s proposals regarding the year-end transfer of ERRA balances may require revision.
- PG&E’s proposal to allocate the year-end PCIA Undercollection Balancing Account (“PUBA”) Balance to 2021 PCIA rates requires further investigation.
- PG&E should provide COVID-related updates to its load forecasts for 2021 in its Rebuttal Testimony in addition to the November Update.
- The Commission will need to address the interaction between this docket and the PUBA and ERRA trigger applications.
- PG&E’s proposals regarding the modified Cost Allocation Mechanism (“CAM”) require close scrutiny to ensure all customers only pay those costs attributable to them.

Beyond these substantive issues, Commission attention to procedural issues is also paramount. The truncated nature and contentious history of this proceeding, the enormous revenue requirements considered, and the deep complexity of the issues addressed all support (1) procedural flexibility, (2) cooperation and reduced timelines in discovery for all parties, especially surrounding rebuttal testimony and the November Update, (3) contemporaneous service of workpapers with any updates to testimony, (4) clear presentation of the changes between prepared and updated testimony, and (5) a willingness from all parties to meet to discuss substantive issues. The Joint CCAs will endeavor to work with PG&E on these procedural

issues as much as possible but emphasize that timely Commission intervention on procedural matters has been necessary in past ERRA forecast proceedings.

Finally, the Joint CCAs note that the prehearing conference (“PHC”) is currently scheduled for August 13, 2020, which is prior to both PG&E’s planned submission of its second supplemental testimony on August 14 and the due date for PG&E’s reply to protests and responses of August 15. The Commission may wish to reschedule the PHC to August 19, 2020 to allow time for parties to review the supplemental testimony and PG&E’s reply and, as necessary, meet and confer on areas of disagreement with regard to scope, schedule, categorization and the need for hearings. This modest schedule revision will hopefully facilitate a more efficient and productive PHC.

I. JOINT CCAS’ INTEREST

Except for SJCE, each of the Joint CCAs is governed by a Board of Directors comprised of elected officials who represent the individual cities and counties the CCA serves or an elected City Council.¹⁹ SJCE is the City of San José’s CCA program, which is administered by the San José Community Energy Department.

CCA customers pay CCA-specific generation rates, which vary and are partially influenced by local mandates to procure and maintain clean electricity portfolios that in many cases exceed state requirements for renewable generation. As a result, CCA customers receive generation services from their local CCA, and receive transmission, distribution, billing, and other services from the incumbent for-profit utility. In addition, CCA and other unbundled customers are subject to several non-bypassable charges, including the PCIA and the CAM, the 2021 levels of which will be determined in this proceeding.

¹⁹ See Cal. Pub. Util. Code §366.2.

The Joint CCAs are advocates for the customers in the local communities that formed them. Ensuring the accuracy of the PCIA and other charges CCA customers pay, planning for changes to the PCIA, and protecting customers from the rate shock that can result, is a core directive for all CCAs and essential for any load-serving entity (“LSE”). As a result of these factors, and those discussed above and below, the Joint CCAs have a real, present, tangible and pecuniary interest in this proceeding.

II. GROUNDS FOR PROTEST

The Joint CCAs have identified numerous issues that directly and substantially impact their interests described above. The specific issues enumerated below should be considered preliminary matters that the Joint CCAs have identified as unjust and unreasonable or out of compliance with Commission rules and precedent. The Joint CCAs continue to examine the Application, issue data requests, and expect the utility’s August Supplement, COVID supplement and November Update to raise a number of new issues. The Joint CCAs therefore reserve the right to address additional issues in the course of this proceeding as they arise through further review, analysis, discovery and investigation of all aspects of the Application.

A. PG&E’s Proposed Increase to the PCIA

The Commission adopted the PCIA to ensure when customers of investor-owned utilities (“IOUs”) depart from bundled service and receive their electricity from a non-IOU provider, such as a CCA, “those customers remain responsible for costs previously incurred on their behalf by the IOUs — but only those costs.”²⁰ As explained in more detail in the following sections, PG&E’s PCIA rates for 2021 will be set in this proceeding based on two key components: (1) the

²⁰ R.17-06-026, *Scoping Memo and Ruling of Assigned Commissioner*, p. 2 (Sep. 25, 2017) (“PCIA Phase 1 Scoping Ruling”).

Indifference Amount, *i.e.*, the difference between the forecasted cost of PG&E’s generation portfolio in 2021 and the forecasted market value of PG&E’s generation portfolio in 2021; and (2) the 2020 year-end balance in the PABA, which constitutes a rolling true-up between (a) the forecasted costs and revenues used to set the 2020 PCIA last year and (b) the actual costs and revenues PG&E is realizing this year.²¹ The Indifference Amount and the year-end PABA overcollection (or undercollection) are added together to form the PABA revenue requirement underlying PCIA rates. That \$2.8 billion revenue requirement can be seen in the table below, by vintage.

Table 1: Revenue Requirement by Vintage

Vintage	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
2021 Indifference Amount Forecast	\$2,241,422	\$294,065	\$85,776	\$66,466	\$19,756	\$567	\$3,725	\$3,096	\$4,083	\$9,966	\$10,859	\$2,405		\$2,742,186
2020 PABA Balance	\$351,310	\$144,918	\$31,213	\$52,705	\$14,159	\$7,476	\$14,039	-\$6,440	\$45,765	\$3,267	-\$12,198	-\$108,415		\$537,799
2020 PUBA BSF Balance														\$0
2020 ERRA BA Balance												-\$471,336		-\$471,336
2019 ERRA Refund											-\$6,096			-\$6,096
Total PABA Revenue Requirement	\$2,592,732	\$438,983	\$116,988	\$119,171	\$33,916	\$8,043	\$17,764	-\$3,344	\$49,849	\$13,233	-\$7,434	-\$577,346	\$0	\$2,802,552

That revenue requirement is then allocated among both bundled and unbundled customers based on their vintage, *i.e.*, the year unbundled customers left PG&E’s service,²² and their rate class using the allocation factors from PG&E’s most recently approved GRC.²³ PG&E’s proposed system average PCIA rates by vintage are summarized in the table below along with a comparison to the 2020 PCIA rates.

²¹ Because the true-up for 2020 occurs during 2020, this true-up is developed using (1) actual values that are available to date and (2) a forecast of actual values for the remainder of the year.

²² R.07-05-025, D.11-12-018, p. 9 (December 1, 2011).

²³ D.18-10-019, p. 122 and Ordering Paragraph 4 (October 11, 2018).

Table 2: PG&E PCIA Rates by Vintage

Vintage	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
2020 Capped	\$0.02435	\$0.02735	\$0.02968	\$0.02956	\$0.03162	\$0.03206	\$0.03189	\$0.03175	\$0.03170	\$0.03172	\$0.03380	\$0.04062	
2020 Uncapped	\$0.03260	\$0.03944	\$0.04144	\$0.04308	\$0.04371	\$0.04377	\$0.04386	\$0.04338	\$0.04270	\$0.04196	\$0.04062	\$0.04063	
2021 Capped	\$0.02935	\$0.03235	\$0.03468	\$0.03456	\$0.03662	\$0.03706	\$0.03689	\$0.03675	\$0.03670	\$0.03672	\$0.03880	\$0.03115	
2021 Uncapped	\$0.03566	\$0.04178	\$0.04346	\$0.04520	\$0.04569	\$0.04581	\$0.04608	\$0.04603	\$0.04688	\$0.04716	\$0.04713	\$0.03115	\$0.03115
2019 ERRRA Refund													-\$0.00720
Proposed Rates	\$0.02935	\$0.03235	\$0.03468	\$0.03456	\$0.03662	\$0.03706	\$0.03689	\$0.03675	\$0.03670	\$0.03672	\$0.03160	\$0.03115	\$0.03115
Capped?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	
% Rate Increase													
2021 Proposed - 2020 Capped	21%	18%	17%	17%	16%	16%	16%	16%	16%	16%	-28%	-23%	
2021 Uncapped - 2020 Uncapped	9%	6%	5%	5%	5%	5%	5%	6%	10%	12%	-2%	-23%	

As seen on the first line of the table, D.20-02-047 adopted capped PCIA rates during 2020 for all vintages from 2009 to 2019. These rates are currently in place and were effective as of May 2, 2020. As can be seen, the increase from the 2020 uncapped rates to the 2021 uncapped rates—a good proxy for the increase in the above-market portion of PG&E’s generation portfolio year over year—would increase the PCIA between 5% and 12% for the 2009 to 2018 vintages, with a small decrease for the 2019 vintage.

The issues the Joint CCAs have identified to date in the Application that require further record development are discussed in the following sections based on which part of the PCIA calculation the issue addresses: (1) calculation of the Indifference Amount, (2) calculation of the year-end PABA balance, or (3) ratemaking, *i.e.*, allocating those costs among vintages and customer classes.

1. Issues Related to the First Component of Setting PCIA Rates: The Indifference Amount

The Indifference Amount is the difference in the target year (here 2021) between the cost of the IOU’s supply portfolio and the market value of the IOU’s supply portfolio.



The Total Portfolio Cost includes capital investment recovery and fixed maintenance costs determined in a GRC for utility owned generation (“UOG”), purchased power such as that from power purchase agreements (“PPAs”), fuel costs for UOG and PPAs with tolling agreements, and California Independent System Operator (“CAISO”) grid charges and revenues, net of any sales.²⁴

The Portfolio Market Value is derived from total eligible generation portfolio in megawatt-hours (MWh) multiplied by the Market Price Benchmarks (“MPBs”) (\$/MWh), an administratively determined set of proxy values that represents the market value of the IOU’s resource portfolio.²⁵ Market Value consists of three principle components: Energy Value, Renewable Portfolio Standard (“RPS”) Value, and RA Value:

- Energy Value is the estimated financial value, measured in dollars, that is attributed to the non-RPS energy component of a utility portfolio for a given year.²⁶
- RPS Value is the estimated financial value, measured in dollars, that is attributed to the renewable energy component of a utility portfolio for a given year above and beyond the Energy Value.²⁷

²⁴ D.11-12-018, pp. 8-9 (December 1, 2011).

²⁵ D.19-10-001, p. 6 (October 10, 2019) (“Market Value is the estimated financial value, measured in dollars, that is attributed to a utility portfolio of energy resources for the purpose of calculating the Power Charge Indifference Adjustment for a given year.”).

²⁶ D.19-10-001, p. 6.

²⁷ *Id.*

- RA Value is the estimated financial value, measured in dollars, that is attributed to the resource adequacy component of a utility portfolio for a given year.²⁸

MPBs are estimates of the value per unit (not total portfolio value) associated with three principal sources of value in utility portfolios (non-RPS energy, RPS energy, and RA capacity).²⁹ Each MPB must be multiplied by the relevant portfolio volume as part of the overall calculation of Market Value:³⁰

- Energy Index is the MPB that reflects the estimated market value of each unit of energy in a utility portfolio, in dollar value per megawatt hour (\$/MWh). It is sometimes referred to as “Brown Power Index”, “Brown Power component”, “Brown Power Adder”, or “Brown Power benchmark.”³¹
- RPS Adder is the MPB that reflects the estimated incremental value of each unit of RPS-eligible energy that is attributable to the fact of that eligibility, in \$/MWh.³²
- RA Adder is the MPB that reflects the estimated value of each unit of capacity in a utility portfolio that can be used to satisfy Resource Adequacy obligations, in dollar value per kilowatt (\$/kW-month). The RA Adder has three subcomponents, reflecting each type of RA product required for compliance with the RA program: system, local and flexible.³³

Finally, each generation resource and departing customer is assigned a “vintage.” A distinct portfolio of generation resources is calculated for each vintage year. Each vintage is assigned a separate Indifference Amount.³⁴ PG&E’s calculation of the Indifference Amount in this case raises the following issues.

²⁸

Id.

²⁹

Id.

³⁰

Id.

³¹

Id., p. 7.

³²

Id.

³³

Id.

³⁴

R.07-05-025, D.11-12-018, p. 9 (December 1, 2011).

a. Recent Experience Does Not Support PG&E's Proposed Forecast of 10% Unsold RA Capacity.

When forecasting the value of PG&E's generation portfolio in 2021, any capacity that is anticipated to (1) not be used for compliance with PG&E's RA requirements and (2) remain unsold despite being offered for sale, *i.e.*, Forecast Unsold RA, is valued at zero dollars.³⁵ PG&E's workpapers³⁶ appear to show a different Forecast Unsold RA capacity in 2021 than a footnote in its prepared testimony suggesting the utility predicts 10% of its RA capacity will remain unsold in 2021.³⁷ The Joint CCAs continue to investigate the issue, and the amount of Forecast Unsold RA shown in workpapers may indeed be reasonable for 2021, especially given recent changes to the RA procurement regime.

However, if the workpapers contain an error, or the workpapers' forecast of Unsold RA should be modified for other reasons, the quantity of RA capacity recorded as unsold in 2019 likely provides a more reasonable estimate for 2021 than PG&E's 10% rule of thumb from its 2020 Forecast. Since 2019 was the first year in which Actual Unsold RA was subject to the scrutiny of Commission review in a litigated proceeding, it likely provides the most accurate basis from which to forecast future Unsold RA amounts. If PG&E recorded less Unsold RA capacity in 2019 than 10% of its portfolio, which appears to be the case, PG&E's projected Indifference Amount for 2021 would be lower than currently forecasted.

³⁵ D.19-10-001, Ordering Paragraph 2, Attachment B, Table II.

³⁶ See PG&E Workpaper entitled: 09.ERRA_2021Forecast_WP_PGE_20200701_Ch09_CONF.xlsx, tab 'CONF CAL Table 9-1'.

³⁷ PG&E Prepared Testimony at 9-4:7 and n.13.

b. PG&E Continues to Use Costs from its 2020 General Rate Case that Have Not Been Approved.

In ERRA forecast proceedings, all calculations and entries must be based on adopted Commission rules, regulations, resolutions and decisions for all customer classes.³⁸ In last year's 2020 ERRA Forecast proceeding, PG&E filed its application using proposed and unapproved generation costs from its Phase I General Rate Case ("GRC"), A.18-12-009, "for rate-setting purposes."³⁹ In reality, PG&E was using the 2020 GRC costs to compute the PCIA revenue requirement in the Indifference Amount.⁴⁰ The utility eventually acquiesced to using the 2019 attrition amounts from its prior GRC, targeting test year 2017, to set the PCIA, reducing the final Indifference Amount by approximately \$200 million.

This year's Application makes the same error as last year's application. As of today, that same Phase I GRC, A.18-12-009, remains open without a Proposed Decision. While the utility's application and testimony in this proceeding is unclear because PG&E uses the same ambiguous statement about "rate-setting purposes" from last year, it appears the utility is again forecasting the Indifference Amount using still-unapproved revenue requirements from its 2020 GRC to forecast generation costs for 2021.⁴¹ Neither those revenue requirements, nor the resulting generation rate ratio, should be utilized to set 2021 generation rates in the November Update unless and until a final decision in A.18-12-009 is reached. In addition, the repeated inclusion of

³⁸ See, e.g., A.19-06-001, *Assigned Commissioner's Scoping Memo and Ruling*, pp. 2-3 (August 19, 2019) ("2019 ERRA Forecast Scoping Ruling").

³⁹ A.19-06-001, *Opening Brief of the Joint Community Choice Aggregators*, pp. 33-34 (October 21, 2019) ("Joint CCAs' Opening Brief").

⁴⁰ Joint CCAs' Opening Brief at 33-34.

⁴¹ PG&E Prepared Testimony at 9-4:17-22 and 9-5:11-20.

unapproved costs in the Application wastes valuable time and resources, requiring intervenors and the Commission to identify, explain and resolve the resulting inaccuracies.

c. PG&E’s Proposal in its WEMA Proceeding Does Not Have a Scoping Ruling Let Alone Approval for Cost Recovery.

Likewise, PG&E’s request to include \$131 million in wildfire-related insurance costs in the Indifference Amount for 2021 should be rejected as premature. In D.18-06-029, the Commission established the WEMA to track certain incremental wildfire liability costs, but it did not address cost allocation or cost recovery issues with respect to the account.⁴² The corresponding Advice Letters establishing WEMA similarly do not directly address cost recovery issues,⁴³ although they do include guidance that cost allocation shall be the same as that for “Administrative & General costs” in “PG&E’s GRC at the time the activity is recorded in the account.”⁴⁴

In A.20-02-004, PG&E seeks to recover \$498.7 million of insurance costs recorded in the WEMA for 2017-2019 over a one-year period, commencing in January 2021.⁴⁵ The costs are incremental to those previously authorized in PG&E’s 2017 GRC and currently sought in

⁴² See generally D.18-06-029; *id.*, Conclusion of Law 5 (“The specific criteria for rate recovery of costs recorded in the WEMA should be addressed in separate rate recovery proceedings.”).

⁴³ See Advice Letter 3991-G/5331-E (August 15, 2018) (“AL 3991-G/5331-E”); Advice Letter 4016-G/5386-E (October 23, 2018) (“AL 4016-G/5386-E”).

⁴⁴ AL 3991-G/5331-E, Gas Preliminary Statement Part EE and Electric Preliminary Statement Part HL; AL 4016-G/5386-E, Gas Preliminary Statement Part EE and Electric Preliminary Statement Part HL (stating “the payments and reimbursements made by PG&E and the associated insurance or third-party reimbursements will be allocated between electric and gas in the same manner as Administrative & General costs are allocated as approved in PG&E’s GRC at the time the activity is recorded in the account.”).

⁴⁵ A.20-02-004, *Application of Pacific Gas and Electric Company (U 39 M) to Recover Insurance Costs Recorded in the Wildfire Expense Memorandum Account*, p. 1 (Feb. 7, 2020).

PG&E's 2020 GRC.⁴⁶ PG&E's Prepared Testimony implicitly attributes \$131 million of the \$498.7 million of wildfire-related insurance costs to generation and requests those costs be included in the Indifference Amount for 2021.⁴⁷

As noted in the prior section, all calculations and entries in this proceeding must be based on adopted Commission rules, regulations, resolutions and decisions for all customer classes.⁴⁸ Not only is there no decision on whether PG&E can recover the insurance costs at issue, there is no decision on whether the \$131 million figure is the correct amount to allocate to generation, and there is no guidance regarding the allocation of those costs across vintages. In fact, the Commission has not yet issued a Scoping Ruling in A.20-02-004, meaning there is no procedural schedule to indicate whether a decision may be forthcoming prior to the November Update. While PG&E states "PG&E's November Update will reflect the status of that application,"⁴⁹ the utility should not have included these costs in the instant Application.

d. The Joint CCAs Agree that Modifications to Line Loss Factors When Calculating the Indifference Amount are Currently Premature.

In D.20-03-019, the Commission denied "the Joint IOU proposal to remove the line loss factor from the calculations underlying the Power Charge Indifference Adjustment without prejudice," stating the "IOUs may file a petition to modify the relevant decision."⁵⁰ PG&E indicates here that it anticipates filing such a petition at some point in the future, and any disposition of that proceeding prior to October 2020 will be incorporated in the November

⁴⁶ A.20-02-004, *Application of Pacific Gas and Electric Company (U 39 M) to Recover Insurance Costs Recorded in the Wildfire Expense Memorandum Account*, p. 1 (Feb. 7, 2020).

⁴⁷ PG&E Prepared Testimony at 9-4:24 to 9-5:4 and 9-6:1-3.

⁴⁸ See, e.g., 2019 ERRR Forecast Scoping Ruling at 2-3.

⁴⁹ PG&E Prepared Testimony at 1-5, n. 5, and 9-6:1-13.

⁵⁰ D.20-03-019 at pp. 22-23 and Conclusion of Law 9.

Update.⁵¹ The Joint CCAs agree any changes to line loss factors would be premature at this point and note further that resolution of an as-yet-unfiled Petition for Modification is unlikely to be resolved prior to October 2020. Unless and until such a Petition for Modification is filed and granted, line loss factors should not be modified as any change is speculative at this time.

2. Issues Related to the Second Component of Setting PCIA Rates: The Year-End PABA Balance

As noted above, the 2020 year-end balance in the PABA constitutes a rolling true-up regarding the current year's PCIA rates. It compares the forecasted costs and revenues from last year's Erra forecast case, A.19-06-001, which formed the basis for the 2020 PCIA rates customers are currently paying, with the actual costs and revenues PG&E has recorded during the current calendar year. Because the true-up occurs in "real time" during 2020, it is developed using (1) actual values that are available to date and (2) a forecast of actual values for the remainder of the year. Because the 2020 PCIA rates were based on a forecast for 2020, the revenue PG&E is collecting this year is either too little revenue compared to 2020 actuals (*i.e.*, an undercollection) or too much revenue compared to 2020 actuals (*i.e.*, an overcollection). Any year-end overcollection or undercollection is included in the revenue requirement used to set the 2021 PCIA rate.⁵²

Per PG&E, the PABA was \$793 million under-collected through May 2020.⁵³ By year-end, PG&E's Application projects a PABA undercollection of \$60.4 million.⁵⁴ However, that \$60.4 million projection almost certainly understates the actual PABA under-collection because it

⁵¹ PG&E Prepared Testimony at 9-3:3-12.

⁵² Application at 14.

⁵³ PG&E Prepared Testimony at Table 14-2, Line No. 10.

⁵⁴ *Id.* at Table 14-1, line 4.

does not account for COVID-related impacts and because it includes a \$477 million one-time credit,⁵⁵ which is the result of PG&E's proposal to ensure that the 2020 over-collected ERRA is returned to Vintage 2020 non-exempt departing load customers and remaining bundled customers.⁵⁶

Removing the \$477 million adjustment provides a clearer picture of the ability of the currently effective 2020 PCIA rates to recover the 2020 PABA revenue requirement, and the picture is unsettling: per the Application, PG&E's year-end PABA balance will be \$537.8 million under-collected. PG&E states the factors leading to this undercollection include the delay in implementing 2020 PCIA rates (\$325 million);⁵⁷ lower demand than forecasted, *excluding* COVID-related impacts, that resulted in less customer revenues than forecasted (\$45 million);⁵⁸ lower than expected CAISO net revenues, *i.e.*, CAISO revenues less CAISO-related costs (\$120 million);⁵⁹ PG&E's unwillingness to implement an existing Commission decision, D.20-02-047 (\$24 million);⁶⁰ and balancing account interest (\$20 million).⁶¹

In fact, as noted in the next section, the most recent data from PG&E outside of this proceeding shows an even more unsettling picture: a year-to-date under-collection of over \$1 billion just through June 2020.

⁵⁵ PG&E Prepared Testimony at Table 14-2, Line No. 17.

⁵⁶ *Id.* at 14-13:24 to 14-14:5.

⁵⁷ *Id.* at 14-15:1-4.

⁵⁸ *Id.* at 14-15:5-12.

⁵⁹ *Id.* at 14-15:13-18.

⁶⁰ *Id.* at 14-15:19-27.

⁶¹ *Id.* at 14-16:1-3.

a. More Detail is Needed to Understand PG&E's Projected Year-End PABA Balance.

The Joint CCAs appreciate PG&E's inclusion in Prepared Testimony of the factors the utility believes are influencing both the year-to-date and forecast components of the 2020 Year-End PABA balances.⁶² However, it appears the utility's projections are already out of date, and the substantial impact from the resulting PCIA increase means the Joint CCAs cannot simply accept PG&E's explanations without further investigation. According to the June 2020 Report, the current status of the PABA year-end balance is just over one billion dollars under-collected at \$1,073.0 million,⁶³ more than twice the under-collection shown in PG&E's Application and testimony.

In last year's ERRA forecast case, the Joint CCAs' ability to understand and investigate PG&E's projected year-end PABA under-collections was a point of significant contention, resulting in D.20-02-047's statement that "PG&E's use of recorded data through September 2019, plus a forecast of the remaining three months is appropriate and sufficient for its forecast" and that "that review of the PABA recorded balance is to occur within the ERRA Compliance Review proceeding and not the ERRA Forecast."⁶⁴

The Joint CCAs do not seek to challenge these findings here but note that the Commission's approach has been rife with difficulty. In A.20-02-009, the "ERRA Compliance Review proceeding" referenced in D.20-02-047, PG&E objected to providing the data needed by the Joint CCAs in order to review the PABA recorded balance, *again* arguing such data are out of

⁶² *Id.* at 14-10 to 14-18.

⁶³ See *PG&E Energy Resource Recovery Account Activity Report*, p. 4, "Total PABA Ending Balance" (June 2020).

⁶⁴ D.20-02-047 at pp. 12-13, Finding of Fact 10.

scope.⁶⁵ Only after several rounds of discovery questions, and a handful of meet-and-confer meetings, did PG&E provide actual costs and volumes for individual contracts and utility owned resources that could begin to be compared to resource-specific data from the ERRA forecast.⁶⁶

For these and other reasons, the Joint CCAs have submitted discovery requests in this proceeding to obtain the volumetric data necessary to better understand critical issues in this case such as (1) why PG&E is projecting a year-end balance that is only about half of the actual balance recorded through June 2020, (2) whether PG&E is using the generation costs as approved in its 2017 GRC or from its unapproved 2020 GRC costs to calculate the forecasted year-end undercollection, (3) the extent of the impact of the pandemic on year-end balances, and (4) whether PG&E has included any adjustments to the 2020 PABA based on errors it has acknowledged in its concurrent ERRA compliance proceeding. The necessary data include 2020 customer sales volumes (kWh); actual REC (MWh) and RA (MW) volumes retained, sold, and unsold; UOG generation (MWh) volumes; and contract generation volumes (MWh). Transparency in setting 2021 PCIA rates requires the Joint CCAs have access to this information.

b. PG&E Continues to Defy the Commission’s Order to Implement Last Year’s ERRA Forecast Decision.

In D.19-10-001, the Commission modified its methodology to true up forecasted values with actual values in the PABA, including establishing a framework to true up the value of RPS products. Actual RPS value in the PABA true up is calculated for three categories: Actual Retained, Actual Sold, and Actual Unsold. Actual Retained RPS volumes are those volumes used for IOU compliance from PG&E’s PCIA-eligible portfolio. Actual Sold RPS volumes are

⁶⁵ A.20-02-009, *Prepared Direct Testimony of Brian Dickman on behalf of the Joint Community Choice Aggregators*, p. iv (July 10, 2020).

⁶⁶ *Id.*

those volumes sold in a particular year. Actual Unsold are those volumes PG&E was unable to sell in a particular year. The values and quantities to be used for each category are shown in Figure 1 below which reproduces Table III from Appendix B of D.19-10-001.

Figure 1: PABA Framework for RPS Value

Table III: RPS Value True Up (Price and Quantity)

Type of RPS Product	Price	Quantity
Actual Retained	Final RPS Adder, as calculated by Staff	Volume used for IOU compliance from PCIA-eligible portfolio
Actual Sold	Actual transacted price s	Actual transacted volumes
Actual Unsold	\$0	Actual unsold volume

A key question in A.19-06-001 was what quantity of RPS generation should be classified as Actual Retained RPS, *i.e.*, the “volume used for IOU compliance” for 2019. D.20-02-047 determined that the annual RPS compliance targets provided in D.11-12-020 are the “appropriate minimum quantity to be considered retained for purposes of the PABA true-up.”⁶⁷ That is, the quantity of Actual Retained RPS for 2019 must be equal to or greater than the annual RPS compliance target.

The effect of the Commission’s decision was to set the value of Retained RPS equal to PG&E’s expected 2019 compliance target of 11,252 GWh, which eliminated all Unsold RPS for 2019.⁶⁸ The Commission ordered a corresponding adjustment to increase RPS value in the PABA by \$92.9 million, which was the result of adjusting Retained RPS to the forecasted 2019

⁶⁷ D.20-02-047, p. 14 (February 27, 2020). It also determined that “the 20% of starting bank RECs...should not be counted as unsold RPS.” *Id.*, p. 16.

⁶⁸ *Id.*, pp. 13-16 (February 27, 2020).

compliance target.

Having lost on the issue in D.20-02-047, PG&E filed an Application for Rehearing on the question (which remains outstanding), has refused to implement the decision in its ERRRA Compliance application, A.20-02-009, by recording the necessary adjustment to PABA, and raises it here yet again by projecting an approximately \$24 million undercollection that does not exist.⁶⁹ As a result, PG&E's year-end PABA balance clearly fails to follow D.20-02-047, and the utility wastes the Commission and parties' time and resources in pursuing it for the fourth time.

c. It is Unclear Whether PG&E Calculated the 2020 True-Up Using GRC Costs that Have Not Yet Been Approved.

The 2020 year-end PABA balances necessarily include a forecast since the year is only half complete. As part of forecasting the year-end PABA balance, PG&E states that “[t]he UOG-related cost forecast reflects the UOG revenue requirement as authorized in the Commission’s decisions, and recoverable through 2020.”⁷⁰ It is unclear from this ambiguous statement whether PG&E’s forecasted year-end undercollection is calculated using the utility’s generation costs as approved in its 2017 GRC or from its unapproved 2020 GRC costs. The question is similar to the issue above related to whether the utility is using the correct generation costs to forecast its 2021 Indifference Amount. The data provided by PG&E regarding the 2020 true-up do not include the volumetric data necessary to answer the question, and the Joint CCAs are exploring the issue via discovery. Regardless, only the costs approved for recovery in PG&E’s 2017 GRC should be used to set the revenue requirements at this point.

⁶⁹ PG&E Prepared Testimony at 14-12:1-9.

⁷⁰ *Id.* at 14-13:15-18.

d. Adjustments to the 2020 PABA Balances to Reflect Agreed-Upon Changes in PG&E’s 2019 ERRA Compliance Case Should Be Included in the 2020 True-Up, Including Credits for Prior Period Interest.

In PG&E’s on-going 2019 ERRA Compliance case, A.20-02-009, the Commission is considering whether the entries recorded in the PABA for 2019 “are reasonable, appropriate, accurate, and in compliance with Commission decisions.”⁷¹ The Joint CCAs’ testimony in that case identifies \$175.4 million in net reductions to the 2019 PABA balance that should be made, excluding interest, and credited back to customers.⁷² The uncontested portion of those adjustments can, and should, be made in PABA this year prior to the November Update to ensure their effect is seen in 2021 PCIA rates.

PG&E has acknowledged through Prepared Testimony and the discovery process that \$40.8 million of the adjustments in the Joint CCA’s testimony are necessary.⁷³ When combined with its Supplemental Testimony in that case, PG&E has agreed to \$110.0 million in reductions to the ending 2019 PABA balance in total, leaving approximately \$65.3 million (plus interest) in adjustments in contention between PG&E and the Joint CCAs.⁷⁴

PG&E’s forecasted year-end PABA balance in this case should reflect the already agreed upon \$110.0 million in adjustments (plus interest) since they are no longer in contention in the ERRA compliance case. PG&E’s Prepared Testimony indicates it has already made \$69.3

⁷¹ A.20-02-009, *Assigned Commissioner’s Scoping Memo and Ruling*, p. 3 (June 19, 2020).

⁷² A.20-02-009, *Prepared Direct Testimony of Brian Dickman on behalf of the Joint Community Choice Aggregators*, p. i (July 10, 2020).

⁷³ *Id.*

⁷⁴ *Id.*

million of these adjustments,⁷⁵ and the utility should make the rest as well (plus interest) prior to the November Update.

3. Issues Related to the Third Component of Setting PCIA Rates: Ratemaking

Once the Indifference Amount and year-end PABA balance have been calculated, the combined PABA revenue requirement is allocated among both bundled and unbundled customers based on their vintage, *i.e.*, the year unbundled customers left PG&E's service,⁷⁶ and their rate class, using the allocation factors from PG&E's most recently approved general rate case.⁷⁷ PCIA rates for each vintage are cumulative, meaning customers in each vintage are responsible for the Indifference Amount attributed to resources assigned to their vintage and all prior vintages.

A simple way to think about the relationship between bundled and unbundled customers in this process is that the 2020 and 2021 vintages include all customers that will be bundled customers at some point in 2021. If customers depart between January 1 and June 30, 2021, they are in the 2020 vintage. Otherwise, they are in the 2021 vintage.

There are a number of ratemaking issues that arise in the Application and PG&E's Prepared Testimony. These are addressed in the following sections.

a. PG&E's Proposals Regarding the Year-End Transfer of ERRA Balances May Require Revision.

In PG&E's 2020 ERRA Forecast proceeding, A.19-06-001, PG&E proposed an inequitable ratemaking approach to address a \$723 million overcollection in the ERRA balancing account for 2019, crediting those amounts to only bundled customers and not unbundled

⁷⁵ PG&E Prepared Testimony at 14-12:1-9 (discussing PG&E's recording of a \$69.3 million related to 2019 unsold Renewable Energy Credits).

⁷⁶ R.07-05-025, D.11-12-018, p. 9 (December 1, 2011).

⁷⁷ D.18-10-019, p. 122 and Ordering Paragraph 4 (October 11, 2018); *see* Application at 18.

customers that had also overpaid but then later departed PG&E's generation service.⁷⁸ In D.20-02-047, the Commission "agree[d] with the Joint CCAs that the net ERRA overcollection must be reflected in the PCIA rate," and that the "overcollection credit should benefit all customers who paid into the overcollection."⁷⁹ The Commission ordered PG&E to "include in its Energy Resource Recovery Account Forecast application for 2021 a method to properly credit vintage 2019 and 2020 departed load customers that does not have adverse effects on PCIA vintage subaccounts."⁸⁰

In its Prepared Testimony, PG&E provides a proposal to credit a proportional share of the 2019 ERRA end-of-year balance to 2019 vintage departing load customers through a one-time PCIA rate adjustment for that vintage.⁸¹ PG&E also proposes that the end-of-year ERRA balance going forward, "less the deferred revenue financed by bundled customers due to capped PCIA rate," be returned to the 2020 vintage and that this approach be standardized for future years.⁸² The Joint CCAs intend, through further discovery and participation in this proceeding, to investigate whether these two proposed crediting methodologies will result in just and reasonable ratemaking.

Upon initial review, however, the Joint CCAs have identified two potential short-comings in PG&E's proposal to transfer year-end ERRA balances to the latest vintage in PABA on a going-forward basis. First, part of the Commission's reasoning in D.20-02-047 is that the

⁷⁸ See A.19-06-001, *Comments of the Joint Community Choice Aggregators*, pp. 25-28 (December 6, 2019) ("Joint CCAs December 2019 Comments").

⁷⁹ D.20-02-047, p. 11.

⁸⁰ *Id.*, Ordering Paragraph 4.

⁸¹ Application at 5, 12-13, 18, 21; PG&E Prepared Testimony at 19-4:22-25.

⁸² PG&E Prepared Testimony at 19-7:6-15.

“overcollection credit should benefit all customers who paid into the overcollection.”⁸³ PG&E’s proposal to transfer year-end ERRA balances to the most recent vintage on a going-forward basis would ensure customers departing ‘on or after July 1’ are credited (or charged) for the ERRA balance accruing during the year of their departure. However, the proposal does not include a similar credit (or debit) for customers that would depart PG&E’s bundled service between January and June in future years. For example, it is not clear from PG&E’s proposal that customers departing from January to June 2020, becoming 2019 vintage departing load, would receive credit for their contribution to the ERRA overcollection accruing during 2020.

In addition, PG&E proposes to exclude “the deferred revenue financed by bundled customers due to capped PCIA rate.”⁸⁴ The “deferred revenue financed by bundled customers” is functionally equivalent to an ERRA overcollection. It is bundled customers’ financing of the PUBA, or the undercollection that results from the use of capped PCIA rates in a prior year. Because this “deferred revenue” is equivalent to an ERRA overcollection, it arguably should be paid back in the same manner as an ERRA overcollection, *i.e.*, “reflected in the PCIA rate” to ensure any overcollection credit benefits “all customers who paid into the overcollection.”⁸⁵ However, PG&E does not follow this approach, and the utility’s reasoning for such an approach is unclear in the Application and testimony.

Thus, it is not clear to the Joint CCAs at this point in the proceeding whether the Commission should approve PG&E’s proposal to transfer certain year-end ERRA balances to the

⁸³ D.20-02-047, p. 11.

⁸⁴ PG&E Prepared Testimony at 19-7:6-15.

⁸⁵ D.20-02-047, p. 11.

latest vintage in PABA in the current proceeding and on a going forward basis, or whether such transfers should exclude “deferred revenue resulting from capped vintage PCIA rates.”⁸⁶

b. PG&E’s Proposal to Allocate the Year-End PUBA Balance to 2021 PCIA Rates Requires Further Investigation.

As stated in the Application, the “PUBA was authorized in D. 18-10-019 to record the shortfall in revenues accruing from departing load customers when the PCIA cap is reached.”⁸⁷ That is, the use of capped rates embeds an undercollection into each vintage for which a capped rate is applied. PG&E is unlikely to recover its revenue requirement if the capped rate it charges departed customers is below the uncapped rate calculated to recover the actual revenue requirement. For each customer class and vintage, the per-kWh difference between the capped 2020 PCIA rate and the uncapped 2020 PCIA rate (what might be called the “PUBA Differential”) is multiplied by actual departed customer usage each month in 2020. The resulting monthly accumulation of the PUBA Differential from all departed customers, plus interest, is tracked in the PUBA.

Once the cumulative amount in PUBA reaches 7% of PG&E’s forecasted 2020 PCIA revenue from departed load customers, PG&E must, within 60 days, file an expedited trigger application that proposes “a revised PCIA rate that will bring the projected PUBA balance below 7% and maintain the balance below that level until January 1 of the following year, when the PCIA rate adopted in that utility’s ERRR forecast proceeding will take effect.”⁸⁸ The purpose of that trigger filing will be to modify currently-effective PCIA rates to increase the revenue PG&E receives from unbundled customers. In the June 2020 Report, PG&E reports a PUBA balance of

⁸⁶ Application at 5, 13, 18, 21; PG&E Prepared Testimony at 19-9:1 to 19-10:4.

⁸⁷ Application at 15.

⁸⁸ D.18-10-019, Ordering Paragraph 10.

\$44.9 million after two months of accumulation, which is approximately 27% of the 7% trigger amount of \$165.3 million.⁸⁹

While PG&E anticipates filing a PUBA trigger application in 2020,⁹⁰ it is likely there will be a year-end PUBA balance in December 2020 that has not been disposed of by the expedited trigger application. Apparently in recognition of this, “PG&E requests that any year-end PUBA balance not disposed of via an expedited application process be included in the PCIA revenue requirement for recovery as part of its November Update.”⁹¹ The Application sets the anticipated year-end PUBA balance at \$277.4 million,⁹² and the utility states it prepared the Application assuming none of the year-end PUBA balance will be recovered through a trigger application.⁹³

The question of what to do with the remaining PUBA balance in terms of setting 2021 PCIA rates raises several important issues. First, PG&E requests those unamortized amounts be included in the PCIA revenue requirement for recovery as part of its November Update. To accomplish this end, the utility suggests the creation of a vintage-specific PCIA rate adder to amortize the PUBA balance by vintage into PCIA rates.⁹⁴ This rate adder would be determined by dividing the forecasted year-end PUBA balance by vintage (Table 14-3) by the departing load billing determinants specific to each vintage.⁹⁵ Upon initial review, the Joint CCAs find this approach reasonable but plan to analyze it further over the course of this proceeding.

⁸⁹ See *PG&E Energy Resource Recovery Account Activity Report*, p. 4, “Total PABA Ending Balance” (June 2020).

⁹⁰ PG&E Prepared Testimony at 14-5:1 to 14-6:4.

⁹¹ Application at 8.

⁹² Application at 3; PG&E Prepared Testimony at 14-8, Table 14-1, Line No. 6 and 14-19:1 to 14-20:3.

⁹³ PG&E Prepared Testimony at 14-5:14-6.

⁹⁴ *Id.* at 19-5:13-28.

⁹⁵ *Id.* at 19-5:13-28.

The question then becomes whether the PCIA rate adder can “fit” under the capped PCIA rates. For 2021, PG&E projects the PABA revenue requirement—excluding any PUBA year-end balance—will result in capped rates for every vintage except 2019, meaning there is no space below the rate caps with which to amortize year-end PUBA balances. As a result, “[d]ue to capped PCIA rates, the forecasted PUBA balance is not amortized into rates in this Application.”⁹⁶ The Joint CCAs also find this approach reasonable upon initial review, pending further investigation, but note that it would appear to result in the need for PG&E to file a PUBA trigger application soon, if not immediately, after the 2021 PCIA rate are effective.⁹⁷

If the PCIA rate adder can “fit” under the capped rates, which would not apply in 2021, PG&E proposes a methodology to calculate the estimated revenues by vintage that would be collected through this rate and, using the proportional generation ratios, apply the incremental rate adder by vintage to each customer class.⁹⁸ The Joint CCAs believe the use of “proportional generation ratios” to apply the incremental rate adder should be investigated in concert with the approaches used by other utilities. A similar approach resulted in substantial rate shock, especially for residential customers, in SDG&E’s recently filed PUBA trigger application.⁹⁹ While not applicable to this year’s PCIA rates, the Joint CCAs believe the Commission should determine whether similar rate shock would result in PG&E’s service territory prior to adopting a permanent methodology.

⁹⁶ PG&E Prepared Testimony at 19-2:16-20, 19-4:19-21 and 19-5:32-33.

⁹⁷ *Id.* at Table 14-1 and pp. 19-15. PG&E projects a \$277.4 million year-end PUBA balance and a 7% PUBA trigger filing level of \$127.2 million.

⁹⁸ *Id.* at 19-5:13-28.

⁹⁹ See, A.20-07-___, *Expedited Application of San Diego Gas & Electric Company (U 902 E) Under the Power Charge Indifference Adjustment Account Trigger Mechanism* (July 10, 2020).

B. PG&E Should Provide COVID-Related Updates to its Load Forecasts for 2021 in its Rebuttal Testimony in Addition to the November Update.

An element in this case is the impact of the COVID-19 pandemic on PG&E's customer revenue in 2020 and its forecasted load in 2021. The utility states the impact of COVID-19 on its customer revenues is "unclear", and the Application contains little-to-no-analysis on the issue.¹⁰⁰ Instead, the utility states it will wait to put forward an approach to modify its load forecasting in a third round of supplemental testimony "by no later than the November Update."¹⁰¹ Waiting until the November Update to provide these analyses leaves too little time—two weeks—to analyze these complex issues, issue discovery, develop positions on them, and submit testimony. Moreover, delaying the updates also threatens to render moot many of the calculations and much of the clarity obtained during the course of the proceeding because PG&E's load forecast is a fundamental driver of key components of the PABA revenue requirement.

For this reason, the Joint CCAs respectfully request the Commissioner's Scoping Ruling include a requirement for PG&E to update parties on COVID-19 related impacts in the utility's rebuttal testimony, allowing parties to utilize discovery and hearings to better understand PG&E's approach. The Joint CCAs' proposed schedule below pushes the date for PG&E's rebuttal testimony to mid-October, in part, to give PG&E more time to develop testimony on this issue.

¹⁰⁰ See, e.g., PG&E Prepared Testimony at 14-15:5-12 (stating lower-than-expected demand in 2020 was calculated without taking into account COVID-related impacts).

¹⁰¹ Application at 4.

C. The Commission Will Need to Address the Interaction Between this Docket and PG&E's PUBA and ERRA Trigger Applications.

On July 31, 2020, PG&E filed an expedited ERRA trigger application noting an anticipated \$793 million overcollection for bundled customers by December 31, 2020.¹⁰² The application states, however, that the \$793 million overcollection it forecasts for year-end 2020 should exclude both (a) the PCIA Cap Revenue Deferral of \$262 million (i.e., bundled customers financing of the PUBA) and (b) \$382 million associated with the adjusted 2019 ERRA overcollection that is to be considered as part of this proceeding.¹⁰³ PG&E asserts that taking those two components out of the calculation results in an adjusted ERRA overcollection amount of \$149 million, which is below the trigger amount and, therefore, does not require a rate change in that case at this time.¹⁰⁴

In addition, as noted above, PG&E indicates it plans to file a PUBA trigger application later this year. Both the timing and substantive resolution of PG&E's PUBA trigger application will affect the PCIA rates in this case in potentially different ways. However, those effects cannot be known until PG&E meets the 7% trigger and the details of the application and requested relief are known.

The Joint CCAs raise these two issues now since the Commission will not only need to resolve the trigger applications themselves, but also reconcile such resolution with the instant ERRA forecast proceeding.

¹⁰² A.20-07-____, *Expedited Application of Pacific Gas and Electric Company (U 39 E) Regarding Energy Resource Recovery Account Trigger Mechanism*, p. 1 (July 31, 2020).

¹⁰³ *Id.*, pp. 8-10.

¹⁰⁴ *Id.*

D. PG&E's Proposals Regarding the Modified Cost Allocation Mechanism Require Close Scrutiny to Ensure All Customers Only Pay Those Costs Attributable to Them.

PG&E's Prepared Testimony discusses the utility's responsibility for 716.9 MW of system RA for 2021-2023 for its bundled customers under D.19-11-016.¹⁰⁵ PG&E also must procure 48.2 MW of RA for LSEs that have opted out of self-procurement¹⁰⁶ PG&E has chosen to procure energy storage for half of both of these commitments.¹⁰⁷

Because the Commission deferred cost recovery implementation details to a later proceeding, an interim approach is required.¹⁰⁸ For that interim approach, PG&E proposes to recover bundled-customer costs through the ERRA balancing account and costs for the opt-out LSEs in a memorandum account described in Advice Letter 5826-E.¹⁰⁹ Members of the Joint CCAs issued a response to that advice letter, requesting clarifications to ensure all customers only pay those costs attributable to them, but a recently issued Draft Resolution does not currently provide such clarifications.¹¹⁰

Pending issuance of a Final Resolution of that advice letter, and further review of the record in this proceeding, the Joint CCAs do not oppose PG&E's proposed treatment at this time. However, further record development is necessary in this case to ensure all RA capacity forecasted to be procured as part of this incremental procurement is counted as Retained RA (capacity retained to address bundled customer need), excluded from any calculation of Unsold

¹⁰⁵ Application at 11; PG&E Prepared Testimony at 10-1:20.

¹⁰⁶ Application at 11.

¹⁰⁷ PG&E Prepared Testimony at 10-1:17-21.

¹⁰⁸ Application at 11.

¹⁰⁹ PG&E Prepared Testimony at 10-2:1-4; PG&E Advice Letter 5826-E at p. 13.

¹¹⁰ See Draft Resolution E-5100 (July 22, 2020).

RA, and/or is otherwise solely attributable to the customers that will benefit from the purchase of the capacity at issue.

E. Other Issues

The Joint CCAs hope to work with PG&E over the course of this proceeding to better understand, investigate and potentially submit testimony regarding various components of the Application, including but not limited to:

- The forecasted \$287 million overcollection in the ERRA Year-End balance;¹¹¹
- Accuracy of the CAM revenue requirement, including ensuring RA central procurement authority administrative costs are allocated correctly to CAM and not to PCIA;¹¹²
- Ensure appropriate adjustments were made to forecasted Unsold RA and RPS due to changes in bundled customers' obligations reflected in the July Supplement;¹¹³
- Whether PG&E's 2021 forecast has appropriately accounted for any known or anticipated CCA program budgets within the Disadvantaged Communities Green Tariff or Community Solar programs; and
- The degree to which PG&E has taken Public Safety Power Shut-offs due to wildfire threat into account in its forecasts of customer load and procurement costs.

III. CATEGORIZATION OF PROCEEDING, NEED FOR HEARINGS AND PROPOSED PROCEDURAL SCHEDULE

The Joint CCAs agree with the classification of this proceeding as "ratesetting," and, for the reasons explained above, believe that hearings are necessary.

A. PG&E's List of Issues is Incomplete and Should Reflect Last Year's Scoping Ruling.

PG&E's Application puts forth the following list of issues: ¹¹⁴

1. Should the Commission adopt PG&E's forecast revenue requirements for PG&E for 2021 rate-setting purposes?

¹¹¹ PG&E Prepared Testimony at 14-16:15.

¹¹² Application at 3-4, 13 14-15.

¹¹³ July Supplement at 4, n.2.

¹¹⁴ Application at 21.

2. Should the Commission adopt PG&E's electric sales forecast?
3. Should the Commission adopt PG&E's GHG-related forecasts for 2021?
4. Were PG&E's recorded 2019 GHG-related administrative and outreach expenses of \$426,000 reasonable?
5. Should the Commission approve PG&E's rate proposals associated with its proposed total electric procurement related revenue requirements, including its GTSR proposal, to be effective in rates on January 1, 2021?
6. Should the Commission approve PG&E's proposal to properly credit the 2019 ERRA overcollection to vintage 2019 and vintage 2020 customers?
7. Should the Commission approve PG&E's proposal to transfer certain year-end ERRA balances, excluding deferred revenue resulting from capped vintage PCIA rates, to the latest vintage in PABA in the current proceeding and on a going forward basis?

Commissioner Guzman Aceves Scoping Ruling in last year's ERRA Forecast proceeding included the following issues:

1. Whether PG&E's requested 2020 ERRA Forecast revenue requirement of \$2.908 billion, ongoing Competition Transmission Charge (CTC) of \$62.2 million, Power Charge Indifference Adjustment (PCIA) of \$2.549 billion, and Cost Allocation Mechanism (CAM) of \$147.4 million, and Tree Mortality Non-Bypassable Charge (TMNBC) of \$92.6 million are reasonable and should be adopted.
2. Whether the Commission should adopt PG&E's 2020 forecast of electric sales.
3. Whether the Commission should adopt PG&E's Greenhouse Gas related forecast for 2020 of GHG Administrative and Outreach Expenses of \$1.2 million, Customer Generation Program Expenses of \$51.5 million, Net GHG revenue return of \$391.5 million, and \$36.67 per household Semi-Annual Residential California Climate Credit?
4. Whether PG&E's recorded 2018 GHG administrative and outreach expenses of \$901,000 are reasonable.
5. Whether all calculations and entries, including but not limited to ERRA, Ongoing CTC, PCIA, CAM, procurement costs, and GHG related items, including the funding of GHG clean energy programs such as the Solar on Multifamily Affordable Housing (SOMAH) program, are in compliance with all applicable rules, regulations, resolutions and decisions for all customer classes.
6. Whether PG&E's or any other party's rate proposals associated with PG&E's proposed total electric procurement revenue requirements to be effective in rates on January 1, 2020 should be approved.
7. Should the Commission approve PG&E's proposal to adjust balancing account entries impacted by PG&E's CAM-related cost allocation error?

8. Whether PG&E's ERRA forecast appropriately considers and incorporates the 2017 Tax Cuts and Jobs Act?
9. Whether there are any safety considerations raised by this application.

The Joint CCAs believe last year's Scoping Ruling presents a good starting place for the scope of issues to be considered in this case, modified to update certain figures such as the revenue requirements listed in Issue 1. In addition, Issue 7 and 8 can likely be deleted and replaced with PG&E's proposed issues 6 and 7. The Joint CCAs look forward to discussing these issues at the prehearing conference.

B. PG&E's Proposed Schedule Should be Revised

1. A Need for Procedural Flexibility Persists in This Recurring Case.

In recent years, the ERRA forecast proceedings have carried a heavier and heavier burden. The proceeding not only sets the PCIA and ERRA rates for the following year—including any modifications made to the methodologies used to calculate those rates in recently issued decisions—it also calculates the Tree Mortality Nonbypassable Charge, determines the CAM, and sets the funding levels for programs such as the Solar on Multi-Family Affordable Housing ("SOMAH") for 2021. The past three years' ERRA proceedings—all concluding after December 31—have shown the need for procedural flexibility to accommodate these constant changes and additional burdens. The delay in this case associated with deferring substance on the new RA procurement regime to August will only add to the burdens other Commission proceedings have layered onto this already-truncated proceeding.

Further compounding the challenges here, PG&E has proposed two additional rounds of supplemental testimony, for a *total of four rounds of supplemental testimony*. The third will address COVID impacts,¹¹⁵ and the fourth is the November Update, which will include:

- Updates to all revenue requirements, the Indifference Amount, the year-end PABA balances, the applicable benchmarks;¹¹⁶
- For the first time, nine months' worth of actual data regarding the impacts of COVID-19 on load and under/over-collections in 2020;
- Recent data on PG&E's ERRA and PUBA trigger filings and the need to modify the revenue requirements in this case on account of those filings;¹¹⁷
- Updates on on-going proceedings such as PG&E's Phase I GRC and its WEMA application, which will significantly impact major components of both the Indifference Amount and the PABA year-end balance in this case;¹¹⁸ and
- Any changes necessary to implement a final decision on the Working Group 3 Report in Phase 2 of R.17-06-026 (while most of the positions in that report recommend any related changes to the calculation of the PCIA be implemented in 2022 and 2023, there is a small chance PG&E will need to forecast changes to that calculation for 2021).¹¹⁹

PG&E proposes fourteen days to undertake the complex tasks in the November Update, which the Joint CCAs currently do not oppose. However, for perspective, consider that changes to PG&E's November Update last year eventually revised the PCIA revenue requirement by approximately \$400 million. While PG&E's 14-day proposal is more reasonable than PG&E's request for seven days from last year, it is important to note the Commission granted a motion in last year's forecast proceeding to give parties 28 days to analyze the November Update to properly implement D.19-10-001.

¹¹⁵ Application at 4, 16.

¹¹⁶ *Id.*

¹¹⁷ *Id.* at 8, 16.

¹¹⁸ PG&E Prepared Testimony at 9-4:13-15.

¹¹⁹ R.17-06-026, *Final Report of Working Group 3 Co-Chairs: Southern California Edison Company (U-338e), California Community Choice Association, And Commercial Energy*, pp. 57-63 (Feb. 21, 2020).

The Joint CCAs raise these issues to convey the importance of the ability to analyze what can be enormous swings in CCA customer obligations and to request the Commission remain open to the need for continued flexibility in the ERRA forecast schedules. Given prior errors and the contentious history of this proceeding, which has led to hundreds of millions of dollars in revised revenue requirements, neither the Commission nor CCA customers can “take PG&E’s word for it” when it comes to setting the PCIA. Sufficient time for investigation and examination must be allowed, and, if the need arises, the Joint CCAs will request modifications to the procedural schedule to put accuracy and deliberation ahead of rushing to a year-end finish line.

2. The Commission May Wish to Revise the Current Date of the Prehearing Conference.

The Joint CCAs put forward the changes below to the utility’s proposed schedule in the next section. One suggestion is that the Commission may wish to move the scheduled PHC in this case from August 13, 2020 to August 19, 2020 to allow for PG&E to file, and parties to review, its August 14, 2020 supplemental testimony and August 15, 2020 Reply—and meet and confer on the issues raised therein—prior to the PHC.

3. Changes Are Required to PG&E’s Proposed Schedule.

The other changes below will more closely align the schedule with last year’s pre-November Update ERRA Forecast proceeding (A.19-06-001, also listed below for reference); allow more time for PG&E to develop rebuttal testimony; create a more equal playing field for preparing Opening Briefs (key to the Joint CCAs) and Reply Briefs (key to PG&E); give parties a reasonable opportunity to conduct discovery on that rebuttal testimony; otherwise prepare for hearings; and still maintain a December 17, 2020 decision date (dates between events are in blue text):

Event	PG&E's Proposed Dates	PG&E 2020 Forecast (A.19-06-001)	Joint CCA Proposal
Application Filed	July 1, 2020	June 1, 2019	July 1, 2020
First Supplemental Testimony	July 17, 2020	July 29, 2019	N/A
Protests	30 days from Notice	30 days from Notice	August 5, 2020 (30 days from Notice)
Reply filed	10 days from Protest	10 days from Protest	August 15, 2020 (10 days from Protest)
Supplemental Testimony	August 14, 2020 (Second Supplemental Testimony)	July 29, 2019 (Only Supplemental Testimony)	August 14, 2020 (Second Supplemental Testimony)
Prehearing Conference	August 24, 2020	August 15, 2019	August 19, 2020 <i>(Scheduled for August 13, 2020, i.e., before the due date of PG&E's Reply and its second supplemental testimony.)</i>
PAO/Intervenor testimony served	September 15, 2020 (32 days from suppl. testimony)	September 10, 2019 (43 days from suppl. testimony)	September 24, 2020 (41 days from suppl. testimony)
Rebuttal testimony served	September 29, 2020 (14 days)	September 24, 2019 (14 days)	October 9, 2020 (15 days)
Evidentiary Hearings	Week of October 5, 2020 (6-10 days)	September 30-October 2, 2018 (6-8 days)	October 20-21, 2020 (11-12 days)
Concurrent Opening Briefs	October 16, 2020 (7-11 days)	October 21, 2019 (19-21 days)	October 30, 2020 (9-10 days)
Concurrent Reply Briefs	November 2, 2020 (16 days)	October 31, 2019 (10 days)	November 9, 2020 (10 days)
November Update to Prepared Testimony Served	November 9, 2020 (7 days)	November 8, 2019 (8 days)	November 9, 2020 (same day as reply briefs, but reply briefs do not modify the content of the November Update)

Opening Comments on Update Testimony	November 23, 2020 (14 days after November Update)	November 18, 2018 (10 days after November Update) <i>Actual: December 6, 2020*</i>	November 23, 2020 (14 days after November Update)
Proposed Decision	Not provided	December 2, 2019 (8 days) <i>Actual: January 24, 2020*</i>	December 4, 2020 (11 days)
Comments on Proposed Decision	Not provided	February 13, 2020* (20 days)	December 11, 2020 (7 days)
Reply Comments on Proposed Decision	Not provided	February 18, 2020* (5 days)	December 15, 2020 (4 days)
Decision/Last Commission Meeting Date	December 18 <i>The last Commission meeting date is December 17, 2020, per the CPUC's website.</i>	February 27, 2020* (N/A)*	December 17, 2020 (2 days)

* The 2020 Forecast decision was delayed due to a number of controversies and implementation of the new PCIA framework. The Commission granted the Joint CCAs' motion to afford more time to file Comments on the November Update.

4. Other Procedural Requests in Light of the Compressed Nature of This Proceeding

Finally, in light of the compressed nature of this proceeding, the Joint CCAs also request the Commission:

- Reduce discovery timelines for all parties to (a) five business days prior to rebuttal testimony, (b) three business days after rebuttal testimony and (c) two business days after the November Update is filed;
- Require PG&E to serve public and confidential workpapers concurrently with all supplements and updates to testimony;
- Require from PG&E a clear presentation of modifications between its Prepared Testimony and any supplemental testimony; and

- Encourage PG&E to meet with the Joint CCAs after PG&E files the November Update.

The Joint CCAs will reach out to PG&E to meet and confer with regard to these procedural proposals in advance of the Prehearing Conference.

IV. COMMUNICATIONS AND SERVICE

The Joint CCAs consent to “email only” service and request that the following individuals be added to the service list for A.20-07-002 on behalf of the Joint CCAs:

Party Representative For each of the Joint CCAs, please list each CCA as a party to the proceeding with Mr. Lindl as the representative for that party:

Tim Lindl
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Information-Only Please include each CCA representative listed below on the information-only list for this proceeding:

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V. CONCLUSION

For the foregoing reasons, the Joint CCAs request that the Commission set this matter for hearing to fully examine the issues discussed above.

Dated: August 5, 2020

Respectfully submitted,



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On behalf of the Joint CCAs